HOUSE RESOLUTION

AUTHORIZING THE FORMATION OF A TASK FORCE TO STUDY THE ISSUE OF PAYDAY LOANS.

WHEREAS, payday loans currently are regulated by chapter 480F, Hawaii Revised Statutes; and

WHEREAS, in December 2005, the Office of the Auditor issued Report No. 05-11, Sunrise Analysis: Check Cashing and Deferred Deposit Agreements (Payday Loans); and

WHEREAS, the Auditor's Report found few complaints in Hawaii and little evidence of harm to Hawaii consumers as a result of payday loans; and

 WHEREAS, the Auditor's Report found that lowering the maximum fees that may be charged for payday loans to the equivalent of an annual percentage rate of thirty-six percent would effectively drive providers of payday loans out of business; and

WHEREAS, the Auditor's Report found that if payday loans are no longer available, there are few desirable alternatives for consumers who use payday loans; and

WHEREAS, the Auditor's Report also recommended several legislative changes, including instituting a mandatory registration program for all payday lenders with the Department of Commerce and Consumer Affairs; and

WHEREAS, the recommendations in the Auditor's Report have not yet been adopted by the Legislature; and

WHEREAS, the Legislature has received testimony from the Office of Consumer Protection stating it has received very few, if any, complaints about pay day loans in Hawaii; and

H.R. NO. 144

WHEREAS, the Legislature also has received testimony from various non-profit service providers alleging that incidents of harm to consumers from payday loans have occurred; now, therefore.

BE IT RESOLVED by the House of Representatives of the Twenty-eighth Legislature of the State of Hawaii, Regular Session of 2015, that various stakeholders are requested to convene a Payday Loans Task Force (Task Force) to study the need, and develop recommendations, for additional regulations relating to payday loans that do not result in payday loans becoming economically unfeasible for providers to offer; and

BE IT FURTHER RESOLVED that the Task Force shall be composed of:

(1) The Chairperson of the Senate Committee on Commerce and Consumer Protection, or the Chairperson's designee, who shall be a voting member of the Task Force;

(2) The Chairperson of the House Committee on Consumer Protection & Commerce, or the Chairperson's designee, who shall be a voting member of the Task Force;

(3) The Director of Commerce and Consumer Affairs, or the Director's designee, who shall be a voting member of the Task Force;

(4) The Commissioner of Financial Institutions, or the Commissioner's representative, who shall be a non-voting member of the Task Force;

(5) The Executive Director of the Office of Consumer Protection, or the Executive Director's designee, who shall be a non-voting member of the Task Force;

(6) A representative from the non-profit organizations that have provided testimony to the Legislature regarding payday loans, selected by the President of

the Senate, who shall be a voting member of the Task Force;

(7) A representative from the non-profit organizations that have provided testimony to the Legislature regarding payday loans, selected by the Speaker of the House, who shall be a voting member of the Task Force;

(8) A representative from the payday loan industry selected by the President of the Senate, who shall be a voting member of the Task Force; and

(9) A representative from the payday loan industry selected by the Speaker of the House, who shall be a voting member of the Task Force; and

BE IT FURTHER RESOLVED that the Task Force shall select a chairperson from among its members; and

BE IT FURTHER RESOLVED that the Task Force is requested to provide a report of its findings and recommendations, including any proposed legislation, to the Legislature no later than twenty days prior to the convening of the Regular Session of 2016; and

BE IT FURTHER RESOLVED that the report include:

 An analysis of whether Hawaii consumers currently are being harmed by payday loans, and the specific ways in which any harm is occurring; and

(2) Recommendations, if any, for revisions to Chapter 480F, Hawaii Revised Statutes, to address specific harms to Hawaii consumers identified by the Task Force, but which revisions do not result in payday loans becoming economically unfeasible for providers to offer; and

BE IT FURTHER RESOLVED that certified copies of this Resolution be transmitted to the Director of Commerce and

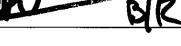
Consumer Affairs, Commissioner of Financial Institutions, and Executive Director of the Office of Consumer Protection.

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OFFERED BY:



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